

**Congress of the United States**  
**Washington, DC 20515**

December 15, 2009

The Honorable Charles B. Rangel  
Chairman  
House Committee on Ways and Means  
1102 Longworth House Office Building  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Dave Camp  
Ranking Member  
House Committee on Ways and Means  
1139E Longworth House Office Building  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Rangel and Ranking Member Camp:

We write in opposition to the proposed new tax on stock trades and other financial transactions. The imposition of such a tax would place a huge new tax burden on our fragile economy and could drive up an already high 10.2% unemployment rate. It also may have serious unintended consequences on our financial markets by raising the cost of credit and private investment for businesses and governments alike.

A \$150 billion tax on financial transactions will fall on millions of hardworking Americans who are saving for their future through their 401k plans, mutual funds, pensions and other savings vehicles. Supporters of the proposal promote it as a way to make Wall Street pay for economic stimulus, because it would apply only to stocks, futures, forwards and derivatives. In reality, it would be a tax on all investment and savings vehicles because mutual funds and money market fund transactions are, by definition, purchases and sales of securities and bonds.

This tax will also have the devastating effect of making it more expensive to invest in U.S. financial markets. This tax will depress U.S. stock prices and drive investments to financial markets in other countries that do not have such a tax. Additionally, a financial transaction tax will drive up the cost of credit for small businesses, state and local governments looking to finance their debt, and put U.S. companies at a substantial financial disadvantage when compared with their overseas competitors.

Proponents of a transaction tax argue that a small 0.25 percent tax on stocks would be paid for by the highly paid financial traders and would not affect most Americans. This is simply not true. A tax on stock transactions would affect every single person who owns and invests in stocks from small business owners to senior citizens.



Americans saving for their retirement, to pay for college or "a rainy day fund" to meet future emergencies will be subjected to a tax that will reduce the value of their savings at a time when they are just starting to recover the losses they incurred at the height of the financial crisis. Furthermore, equity prices will decline as the market accounts for the new tax. Firefighters, police officers, teachers and other public employees depending on their pensions for savings will suffer when the value of their funds decline. Moreover, these civil servants will be hit by the tax itself, which will ultimately be passed through to them.

Financial transaction taxes in various forms have been tried in a number of countries with negative consequences. In 1984, Sweden imposed a 1 percent tax on the purchase or sale of an equity security and later doubled it to 2 percent. The tax was eventually repealed because it did not raise the anticipated revenue and increased the country's cost of borrowing. Stock prices declined as investors sold shares to take into account the tax increases. Taxes on fixed-income securities – bonds – increased the cost of government borrowing. At a time when we rely on other nations to finance our debt, a tax on fixed income securities would be particularly devastating to the U.S. by increasing the costs of federal, state and local government borrowing.

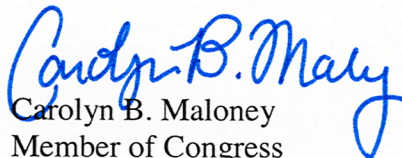
In the United Kingdom, the tax on the registration of securities, while raising revenue, has led to unintended consequences that have caused them to reconsider this policy. According to one expert, the tax caused investors to switch to investing in equity derivatives and other financial instruments in an effort to avoid the tax. Financial activities will migrate to other financial centers and will devastate the United States as the world's premier capital marketplace and kill jobs in cities and towns across the nation.

If we are serious about creating jobs while restoring fiscal responsibility, a financial transaction tax is not the way to accomplish these goals. We urge you to oppose this proposal.

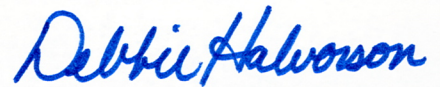
Sincerely,



Michael E. McMahon  
Member of Congress



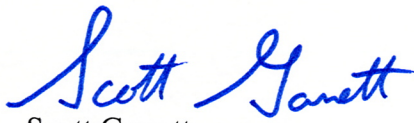
Carolyn B. Maloney  
Member of Congress



Debbie Halvorson  
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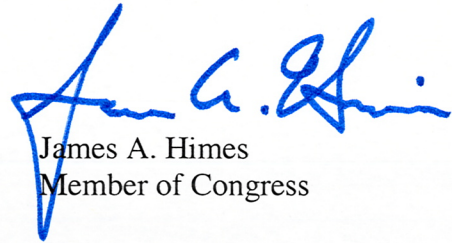
Scott Garrett  
Member of Congress



Melissa L. Bean  
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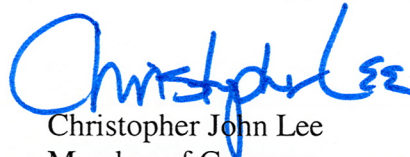
Gerald E. Connolly  
Member of Congress



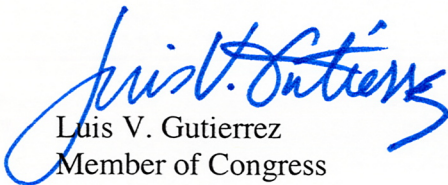
James A. Himes  
Member of Congress



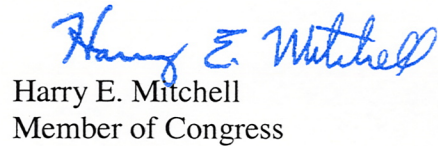
Anthony D. Weiner  
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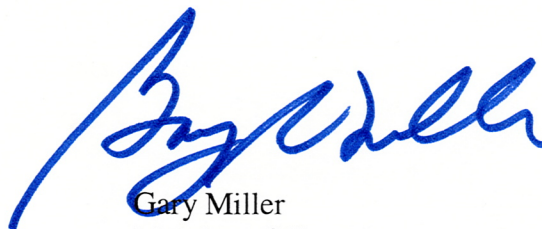
Peter J. Roskam  
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Danny K. Davis  
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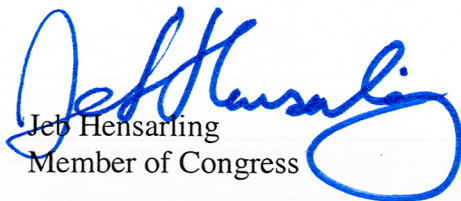
Ron Paul  
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Jeb Hensarling  
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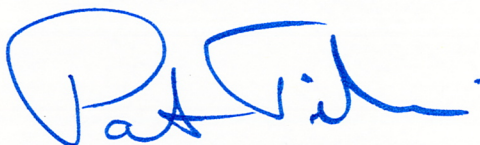
Aaron Schock  
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Randy Neugebauer  
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Jason Chaffetz  
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Patrick J. Tiberi  
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